

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE.

The meeting was called to order by Chairperson Senator Les Donovan at 8:30 a.m. on April 4, 2002 in Room 245-N of the Capitol.

All members were present except: Senator Pugh

Committee staff present: Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Marian F. Holeman, Committee Secretary

Conferees appearing before the committee: Don Seifert, City of Olathe
2nd Lt. John Eichkorn, KS Highway Patrol
Capt. Galen Pape, KS Highway Patrol
Mathew H. Moser, Division Of Motor Vehicles

Others attending: See attached list

HB 2949: Transportation development districts

Chairman Donovan opened the meeting for reconsideration of **HB 2949**. Don Seifert briefly reviewed what this bill would do; i.e., simply provide a different way to finance development districts. The bill provided for a special sales tax for the development district only.

In discussing this bill, three problems were found. One, the high fiscal note attributed to the administrative costs the Kansas Department of Revenue would have in implementing collection and distribution of this limited tax. This problem was worked out by agreeing to have the local government collect the sales tax. Thus, the state would not be involved and the high fiscal note would be eliminated. If the State is not involved the effective date of this act could be upon publication in the statute book. The second problem was collecting a "sales tax" at the local level. This would interfere with the State's ability to join the Streamlined Sales Tax Agreement which requires all sales tax be collected and dispersed at the state level. The State needs to be a part of this agreement in order to stop the loss of revenue from internet/catalog sales. The Revenue Department suggested this proposed transportation development district tax be moved into the "excise tax" area. This technique solved another problem with the bill. The third area of concern was the fact that only 51% of the land owners in the district would have to approve the transportation development district and a hardship could be created for small businesses in the area. Now propose to amend the bill to read that 100% of the land owners within the proposed district would have to sign off on it or it cannot happen. Senator Harrington moved to conceptually amend the bill by adopting the 100% agreement; the earlier effective date; and the Revenue Department's proposed language dealing with the first two concerns; together with necessary technical changes. Senator Schodorf seconded the motion. Motion carried. Senator Harrington moved to recommend **HB 2949**, as amended, favorable for passage. Senator Goodwin seconded the motion. Motion carried.

Substitute for HB 2653: Certificates of title for antique vehicles

2nd Lt. John Eichkorn appeared on behalf of Colonel Don Brownlee, Kansas Highway Patrol. After briefly explaining what the Substitute bill does, he presented the Patrol's areas of concerns. The Patrol feels there are several problem areas involved in allowing designees to perform technical inspections on antique vehicles. Such vehicles often are pieced together and require special knowledge of identification techniques and supporting resources. Employees are not adequately trained, rapid turnovers, and lack of access to resources Patrol employees utilize result in poor inspection procedures and missed problems. The second area of concern is the exemption from inspection of vehicles from 1949 and prior. The Patrol urged members to consider returning to **HB 2653** in its original state (Attachment 1).

CONTINUATION SHEET

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE at 8:30 a.m. on April 4, 2002 in Room 245-N of the Capitol.

Capt. Galen Pape, Kansas Highway Patrol, who is in charge of the inspection program in Wichita, was available to answer questions regarding inspection issues. He advised that antique vehicles, especially some models of the rare older cars, are often very expensive vehicles and lack of competent inspection leaves the door wide open to fraud. Capt. Pape explained that before 1990 the "designee" inspection program was given to private contractors. Because there were so many problems and the inspection program was not working, they tried giving the inspection program to sheriff and police departments only. Many sheriff and police departments do not want to take their manpower off the streets to perform this time consuming task. They also have a high turn-over rate and training is restricted so that a certification program is practically impossible. Rebuilt and salvaged vehicles need a much higher level of competency than is required, for example, for the extremely limited in scope inspection of regular "program" and such vehicles.

Approximately 220,000 cars went through the inspection process last year. Only through the inspection of all vehicles can stolen vehicles, or vehicles that have liens on them, or any other problem areas, be discovered. Application of the Substitute Bill would allow Kansas to become a "title washing state" for people out of state - all across the United States. Requiring only a bill of sale is a big loophole that would encourage theft and fraud. The Highway Patrol already has a system setup to do these inspections and they currently do not have a problem with doing them. The increase in the amount of the fee is not enough money to cover the cost of "designee" inspection. The Highway Patrol wants to get the antique vehicles out on the road. They also wish to prevent fraud in connection with that.

Mathew Moser, Manager of the Title and Registrations Bureau, Kansas Division of Vehicles, pointed out the Substitute Bill presents three problems which were not contained in the original bill. First, the "electronic verification" language is too vague and lacks direction. This requirement means an extra, duplicate, step for the consumer. Second, eliminating inspection requirement on 1949 and prior year vehicles reduces consumer protection. Third, waiving an inspection if it is not completed within 30 days also eliminates consumer protections. Last year the Division issued 6,600 antique titles ([Attachment 2](#)). Mr. Moser urged the committee to amend Sub. For HB 2653 to reflect the original language.

Members expressed concern regarding the 30-day waiver, and felt this is a loophole that doesn't need to be in the law. The 1950 date was selected because that was when they began putting VIN numbers on cars. The original bill did not reference the year at all. Senator Jackson moved to amend **Sub. HB 2653** by striking all substitute language and restoring the original language of **HB 2653**. Senator Schodorf seconded the motion. Motion carried.

Approval of minutes

Senator Salmans moved to approve minutes of the March 27, 2002 meeting. Senator Goodwin seconded the motion. Motion carried.

The meeting adjourned at 9:35 a.m.

The next meeting is on call of the Chair.

**SENATE TRANSPORTATION COMMITTEE
GUEST LIST
DATE: APRIL 4, 2002**

NAME	REPRESENTING
Don Seifert	City of Olathe
Barbara	KDOT
Deann Williams	KS MOTOR CARRIERS ASSOC.
Bud Burke	Olathe Chamber of Commerce
Mathew Moser	KDOT DMV
Sheila Walker	KDOT-DMV
Jewel	KHP
GALEN PAPE	KHP
Randy Myers	KHP

KANSAS HIGHWAY PATROL

Service—Courtesy—Protection

Bill Graves
Governor



Col. Donald W. Brownlee
Superintendent

Summary of Testimony on Substitute for HB 2653 Senate Transportation Committee

Presented by
Second Lieutenant John Eichkorn
April 4, 2002

Good Morning Mr. Chairman and members of the committee. My name is Second Lieutenant John Eichkorn, and I appear before you on behalf of Colonel Don Brownlee and the Kansas Highway Patrol to comment on Substitute for HB 2653.

Substitute for HB 2653 proposes to do the following:

- First, it amends current law relating to antique vehicles to provide that bills of sale for vehicles with a model year prior to 1950 be accepted alongside the applications for certificates of title as prima facie evidence that the applicant is the owner of the vehicle. For vehicles having a model year of 1950 or newer, persons attempting to obtain certificates of title using the application and bill of sale could not do so until vehicle identification numbers have been electronically verified. If vehicle identification numbers for such 1950 and newer model vehicles were in doubt after the initial verification procedure, an inspection would be required within 30 days after being requested. If such inspections were not completed within 30 days, the application and bill of sale would be accepted as prima facie evidence of ownership.
- Second, it increases the fees charged to persons requesting technical inspections of certain vehicles from \$10 per hour to \$25 per hour. (Vehicles that have been assembled, reconstructed, reconstituted or restored from one or more vehicles or where the identification number is in doubt.)
- Third, it amends current law to allow designee's of the Superintendent of the Patrol to perform checks on vehicles that have been assembled, reconstructed, reconstituted or restored from one or more vehicles or where the identification number is in doubt.

Presently, the Kansas Highway Patrol is solely responsible for technical inspections of these vehicles. Because Substitute for HB 2653 proposes to allow designees (or entities outside of the Patrol) to conduct these inspections, the Patrol has concerns with this proposal. Vehicles

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checked through these inspections need to be looked at very closely. Sometimes they are pieced together and require special knowledge of identification techniques and supporting resources. Patrol employees receive advanced training in Motor Vehicle Identification. They attend Motor Vehicle Identification seminars and schools. The concern we have with designees performing these inspections is that they do not have the advanced training that is necessary to conduct this type of inspection. The turn over rate for designees is high which prevents them from maintaining currently trained employees. Also, they do not have access to resources that Patrol employees utilize.

The Patrol also has concerns with amendments made by Substitute for HB 2563 regarding inspections of antique vehicles. Under language currently contained in this bill, antique vehicles 1950 and newer would be required to undergo an inspection before becoming eligible for a Kansas title. The Patrol strongly supports this provision. However, it is the language that would exempt vehicles 1949 and prior from inspection that we have concerns with. For these vehicles, no one would be looking at the actual vehicle before titling it in Kansas. Without someone in this process actually looking at these vehicles and their "vehicle identification numbers" the door to fraud will be wide open.

The Kansas Highway Patrol and the Kansas Department of Revenue are genuinely concerned with the protection of the citizens of Kansas. HB 2653 in its original state provided the tools necessary to do so. Because the Patrol cannot support amendments made by Substitute HB 2653, we urge the committee to consider taking this bill back to its original language.

The Patrol appreciates the opportunity to testify this morning and I will be happy to stand for any questions you might have.

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TESTIMONY

TO: Chairman Les Donovan
Members of the Senate Transportation Committee

FROM: Mathew H. Moser, Manager of Titles & Registrations *Mathew H. Moser*

DATE: April 4, 2002

SUBJECT: Substitute for House Bill 2653 – Titling of Antique Vehicles

Mr. Chairman, Members of the Committee, I am Mathew Moser, Manager of the Titles and Registrations Bureau of the Kansas Division of Vehicles. Thank you for the opportunity to appear this morning on Substitute for House Bill 2653.

The original House Bill 2653 codified our current antique titling procedure, providing statutory authority to the cooperative effort between the Highway Patrol and the Division of Vehicles in titling antique vehicles on bills of sale.

Substitute for HB 2653 presents the Division of Vehicles and Kansas consumers with three challenges:

- The requirement for an “electronic verification” is vague and lacks direction. If the intention of this language is to require a Kansas record verification at the county treasurer’s office, we recommend that the bill be amended to specifically say so. However, the Kansas Highway Patrol is already checking for a Kansas record during the inspection process, saving the customer an extra trip to the county and an additional fee.
- Eliminating the inspection requirement on 1949 and prior year vehicles is obviously a policy decision for the legislature to make, but we believe it is our responsibility to point out that this proposed change reduces all consumer protections against stolen vehicles, possible lienholders or previous owners on 1949 and prior year vehicles.
- Likewise, the requirement to waive an inspection if it is not completed within 30 days eliminates these same consumer protections. The integrity of the Kansas antique certificate of title would be questionable if the division knowingly issues titles with VINs that may be in doubt because an inspection was not performed within a set time.

As each year passes more and more vehicles are meeting the criteria for an antique vehicle. The value of some of these vehicles exceeds the price of new vehicles. Last year over 6,600 antique titles were issued. Requiring an inspection and checking for records are steps that are in place to help guard against issuing a title on a vehicle that may be stolen, or have an unreleased lien.

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House Bill 2653 in its original form provides all of the necessary consumer protections to Kansas citizens. Substitute for House Bill 2653 does not. I urge the committee to amend Sub. for HB 2653 to reflect the original language.

The Division appreciates your consideration and, again, thank you for the opportunity to appear today.